

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

StellarOne Corporation

Point of Contact:	Jeffrey W. Farrar, CFO	RSSD: (For Bank Holding Companies)	2502049
UST Sequence Number:	237	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	30,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	7,500,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Charlottesville
Date Repaid ¹ :	4/13/2011	State:	Virginia

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

While average balances are down overall, the capital infusion certainly supported the ability to be an active lender for quality credits.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The more significant lending activity has been in residential mortgage and home equity, small business and commercial industrial.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

StellarOne Corporation

☐
Increase securities purchased (ABS, MBS, etc.).

☐
Make other investments.

☐
Increase reserves for non-performing assets.

☐
Reduce borrowings.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

StellarOne Corporation

☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

TARP funds were held in a restricted deposit account at our subsidiary bank, until they were transferred to our subsidiary bank as a capital contribution in October 2010. The funds serve as an alternate source of capital and liquidity during this highly volatile and recessionary environment.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

StellarOne Corporation

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The capital infusion has allowed us to maintain strong capital levels and avoid a potential dilutive capital raise in a highly devalued market.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

StellarOne Corporation

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion has allowed us to be more aggressive in the modification of residential mortgage loans. We have restructured nearly \$30 million in mortgages that have performed well post-restructure, with very low re-default rates.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

StellarOne Corporation

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.